MTAA Submission Paper Productivity Commission

Medical Technology Association of Australia

Response to the Productivity Commission Inquiry into Productivity

Wednesday 23 March 2022

1. Background and Problem/Opportunity Statement

The Medical Technology Association of Australia's (MTAA) Connected Healthcare Advisory Group (CHAG) welcomes the Productivity Inquiry and the opportunity to provide a submission on behalf of the medical technology industry. The CHAG believe that advancing a comprehensive strategy in connected (digital) health is a significant step forward and merits a full-scale Productivity Commission Inquiry, however, this Inquiry can create the platform for the future through examining the opportunities that connected health provides.

In its 2017 *Shifting the Dial* productivity review[1], the Productivity Commission identified policies to make for Healthier Australians as a top priority to improving the nation's productivity. Included in the report were some recommendations that specifically addressed digital health or highlight solutions for which digital health could play an integral part. These included:
- Pooled funding for improving population health, service quality and reducing hospitalisations
- More rapid and comprehensive reviews of MBS items
- Make the patient the centre of care
- Development of Patient Reported Experience and Outcome Measures (PREMs and PROMs) and integration into registries
- Improve health literacy including for self-management of chronic conditions
- Use My Health Record and other IT platforms to involve people in their health decisions
- Give greater weight to patient convenience, and develop and disseminate technologies that assist this
- Use data analysis to identify very high service users and the reasons for their high use and use this to customise care plans and early interventions to improve their health status and reduce their use of services
- Key health datasets are aggregated and available
- Establish the Office of the National Data Custodian
- Streamline approval for access to data including supporting analytics on improved targeting and system performance
- Improve uptake of medical health records by improving ease of use and potentially linking funding access to adoption in information systems
- Use My Health Record for information and providing clinically proven advice to patients, with the potential development of links with wearable technologies
- Australian Commission on Safety and Quality in Health Care to provide a clearing house for evaluation of regional innovations and diffusion of best practices
- Create 'Champions Program' where people with hands on experience of innovations assist others to adopt them
- Embrace technology to change the pharmacy model

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[1] Productivity Commission, Shifting the Dial: 5-year productivity review Inquiry report. October 2017. https://www.pc.gov.au/inquiries/completed/productivity-review/report

In its *Productivity Reform Case Study: Innovations in care for chronic health conditions[2],* the Productivity Commission also discussed innovative initiatives that prevent people's chronic health conditions from deteriorating or improve their management and in addition highlights concerns around funding barriers:

- Fee-for service funding for primary care does not encourage preventative and integrated care
- Hospital activity-based funding discourages local health network investment in prevention
- The split in funding and responsibilities between the Australian and State and Territory governments hampers prevention activities
- The Primary Healthcare Networks have insufficient funding to encourage preventative care and improve the quality of primary care
- Short-term grant and block funding complicate the provision of long-term, integrated care and make it difficult to obtain resources to scale up trials
- Regulation limits private health insurers' investment in prevention

The report references and makes recommendations including:

- Funding mechanisms stifle innovation
- Blended funding models will likely enable the best outcomes
- Grants and flexible funding are limited in what they can achieve
- Embracing new funding approaches
- Improving the flow of information across the health system
- Building and sustaining collaboration
- Empowering the health workforce to deliver better cares
- Supporting people to manage their health
- Implementing innovative interventions on a larger scale depends on effective diffusion mechanisms and funding reform

Despite the opportunities to incorporate connected health into reforms of this nature, use and integration of connected health in the formal health care system, not to mention the aged and disability care systems, lags well behind the integration of digital technology elsewhere in our daily lives and in other sectors such as the financial sector.

By connected health, the CHAG means the provision of person-centred care through virtual healthcare services and technology enabled programs delivered by organisations, medical and health professionals and providers focused on targeted healthcare programs, monitoring, prevention, and education for the individual and their healthcare professionals.
Connected health is an important aspect of the healthcare system and can improve the accessibility to and delivery of healthcare to all Australians, whether it is being delivered in the hospital, in the home or in the community. Connected health can support those who are part of the aged care community, or living with chronic diseases, mental health, and disabilities.

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[2] Productivity Commission, Innovations in Care for Chronic Health Conditions Productivity Reform Case Study. March 2021. https://www.pc.gov.au/research/completed/chronic-care-innovations

The importance of connected health and the vital role it can play was evident during the COVID-19 pandemic when General Practice (GP), mental health, specialist, and allied health consultations were delivered via telehealth, which ensured patients still received the care they required[3].

The findings of the *Reimagining Healthcare Consumer Survey* conducted in 2021 published in *Australia's Health Reimagined* report[4] concluded the following with survey answers:

- 71% agreed that sharing their health information across all their healthcare providers would improve communication about the care they require
- 72% agreed that outcomes following a telehealth consultation would have been the same as a face-to-face consultation
- 65% participants were open to the use of technologies in the home to help identify and diagnose health conditions
- 83% were interested in having access to their personal health records.

The *Australia's Health Reimagined* report projected that by 2036 the requirement for new hospital beds would grow to 148,317 (demand and replacement of ageing hospital bed stock), this projection means that for the next 15 years, Australia needs 375 hospital beds built per month to meet the projected quota. However, if commitment is made to incorporating digital health into healthcare and firm investments are made, costs like this projection can be significantly decreased. Additionally, it is predicted that the health workforce will need to grow from 11% to 45% of the total Australian workforce due to the predicted increase of the Australian population to 35.9 million by 2050 and the increase of the ageing population predicted to reach 22% of the total population; that coupled with the expectation that the overall workforce rate is expected to decrease 2%, and the estimation that by 2050, the health workforce must become four times more productive to meet the forecasted demands[5]. Again, digital health care can make the health care workforce far more efficient, enable patient or vulnerable individual self-care and limit high-resource episodes.

2.   CHAG's request of the Productivity Inquiry

While the Productivity Inquiry understandably has a broad brief, CHAG recommends that on the back of the Shifting the Dial review, the Inquiry places a strong emphasis on productivity improvements through healthcare and in particular the paradigm changes in patient care offered by connected health.

CHAG believes this topic is so significant that it merits its own inquiry and is calling for this from whichever side of politics forms government following the election. Nonetheless, this Inquiry offers the opportunity to make a significant start on this issue by investigating the productivity impact opportunities of embracing connected health more broadly.

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[3] PWC, Reimagining healthcare: telemedicine initiatives for COVID-19. April 2020.
https://www.pwc.com.au/digitalpulse/healthcare-telehealth-coronavirus.html
[4] Deloitte, Australia's Health Reimagined: The journey to a connected and confident consumer. March 2022.
https://www2.deloitte.com/au/en/pages/life-sciences-and-healthcare/articles/australias-health-reimagined.html
[5] Deloitte, Australia's Health Reimagined: The journey to a connected and confident consumer. March 2022.
https://www2.deloitte.com/au/en/pages/life-sciences-and-healthcare/articles/australias-health-reimagined.html

The opportunities to implement connected health are significant and being advanced quickly in other countries around the world. It is important that our federated structure and fragmented system do not stop Australia from making the changes and reaping productivity rewards and, more importantly, improved outcomes for patients.

Conversely, a technologically lagging health system that is inflexible and unresponsive will cost Australian and Australians dearly. This is more so because integration of connected technology is not just pertinent for current patients but for those who are highly vulnerable to health issues or already face significant disability that society must support, particularly the aged and those living with a disability. Many of the connected solutions between health care, aged care and disability care are similar or the same. They allow coordinated, person-centred care in the community not in expensive institutions.

3. Proposals for Consideration

The CHAG has consulted its membership on some of the key opportunities to implement connected health solutions more effectively through our health and aged care systems. Below are some proposals that CHAG recommends the Inquiry actively consider as part of its report:

1. <u>Community funding scheme for connected devices</u>

There is currently no pathway to obtain reimbursement for a connected health application for use in the community. This creates a major financial barrier to their uptake. The Medicare Benefits Schedule (MBS) only covers services provided directly by health care professionals not diagnostic or therapeutic devices that an individual would use at home to manage their health in conjunction with a health care professional. Likewise, private health insurance rarely covers these, and state hospital systems invest in these on an ad hoc basis only, if at all. This gap will only become more glaring as connected health innovation, including what can be used on a smart phone, takes off at a rapid pace. Germany's Digital Healthcare Act and 'DiGA' pathway provides a strong example to follow.

Germany's 2019 *Digital Healthcare Act* entitles all individuals to be covered by statutory health insurance for reimbursement of certain digital health applications[6].

The applications must meet the following criteria:
- They are lower-risk medical devices
- Their main function is essentially based on digital technologies
- They are intended to support the monitoring, detection, relief or treatment of illnesses or the compensation, detection, relief or treatment of injuries or disabilities in the case of injured persons or in care provided by service providers

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[6] Germany's digital health reforms in the COVID-19 era: lessons and opportunities for other countries. December 2020.
https://www.researchgate.net/publication/342845421_Germany's_digital_health_reforms_in_the_COVID-19_era_lessons_and_opportunities_for_other_countries

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- They have been included in a newly established official register for digital health applications maintained by the German Federal Institute for Drugs and Medical Devices (takes approximately 3 months), and
- They are used either with the approval of the health insurer or with the prescription of the treating physician or psychotherapist.

Germany's Digital Health App and Fast Track Process operates under the Act for the purpose of fast approval, testing, and reimbursement of digital health applications (only medical applications classified as a class I and IIa can go through the fast-track application). Following a successful three-month assessment, which includes providing proof that the application complies with the privacy requirements and interoperability standards, and there is enough evidence that demonstrates the application will have a positive healthcare effect, the application can then be listed in the Digital Health Applications Directory for reimbursable digital health applications[7]. Currently, 31 health applications are being funded under the Digital Healthcare Act. The applications fall under multiple categories like heart & circulation, cancer, and muscles, bones & joints[8].

2. <u>Updated MBS connected health item numbers</u>

Effective use of connected health requires involvement and support from health care professionals and the MBS needs to be reviewed to reflect this. This includes further reviews of MBS codes covering telehealth to ensure they are fit-for-purpose in the connected environment, enabling a range of assessments and interventions when face-to-face consultations are not possible or desirable. MBS codes also need to ensure that clinicians and their staff are funded to review data from their patients that comes through remote monitoring capabilities. Finally, patients need to be educated in the appropriate use of connected health devices by skilled instructors and it is important that the clinic is funded to provide this, where necessary.

As an example of where MBS codes are not up to date, MBS codes focused on primary practice usually require a health professional to either see the patient face to face or conduct a phone or video telehealth consultation with them. They contain little provision for the type of monitoring that does not result in a conversation of some kind with the patient and nurses who are not nurse practitioners or midwives are excluded from providing any services remotely except in a support role.

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[7] SIDLEY, Global Lifesciences Update: Germany's "DiGA" Digital Health Fats Track Process is Modelling a new way to Regulate Market Access and Reimbursement. December 2021.
https://www.sidley.com/en/insights/newsupdates/2021/12/germanys-diga-digital-health-fast-track-process-is-modeling-a-new-way-to-regulate-market-access
[8] Federal Institute for Pharmaceuticals and Medical Products, DiGA Directory, n.d.
https://diga.bfarm.de/de

Some key areas where new MBS codes or alternative funding are:

- Nurses or other delegated professionals to provide remote care services in the community under the supervision of a medical practitioner e.g., supervision of home dialysis, chronic disease care, diabetes monitoring etc. This relieves pressure on doctors)
- Remote patient monitoring services like the US Medicare CPT codes to fund use of these services in the community. US Medicare CPT codes cover remote monitoring of a much wider group of patients including:
    - Remote monitoring of physiologic parameter(s) (e.g., weight, blood pressure, pulse oximetry, respiratory flow rate).
    - Remote physiologic monitoring treatment management services.
- MBS funding like those for remote monitoring of cardiac devices should be expanded to other implantable and constant use devices that can be remotely monitored e.g., neurological devices, diabetes care, renal dialysis etc.

3. Integrating connected health solutions in Aged Care

The *Aged Care Royal Commission* recommendation that 'innovation, continuous improvement and contemporary best practice in aged care are to be promoted' (Recommendation 3: Key Principles)[9] is applicable to the use of connected health tools solutions to become part of how healthcare is delivered to Australia's ageing population. However, the recommendations that came out of the Royal Commission need to be applied to all of Australia's ageing population, this includes seniors that are receiving care in a home-based setting. Connected health solutions can include the following:

- Telehealth programs to support people in their own home with afterhours care or access to GPs
- Supporting the use of My Health Record and Electronic National Residential Medication Charts (eNRMC) in Home Care since most aged care support clients live in their own home not in residential facilities
- Integration between My Health Record and the Aged Care Record in My Aged Care to allow visibility by healthcare professionals to the spectrum of support provided to those in aged care programs.

4. Review approaches to HTA for connected health interventions

The upcoming HTA Review being run by the Department of Health should incorporate a specific emphasis on the right approach to assessing and funding connected health devices. The nature of connected innovation means that traditional approaches will often not be appropriate. Connected technology is highly user- and support-dependent and innovation cycles are quick. This means that data gathering prior to launch is likely to be more difficult while data gathering post-launch will be significantly enabled in most cases. It is important that committees like the

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[9] Royal Commission into Aged Care Quality and Safety, Final Report: Care, Dignity and Respect. Volume 1 Summary and Recommendations. March 2021.
https://agedcare.royalcommission.gov.au/publications/final-report

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Medical Services Advisory Committee carefully consider these issues and ensure assessment is not an inappropriate barrier to new technology being utilised.

5. Additional connected health funding under the National Health Reform Agreements

The Commonwealth and states and territories should agree to specifically inject funding for connected health investments through states and territories under specific terms and conditions. This would need to extend beyond the concept of pilots to broad based investments within certain guardrails. This funding could be provided to Primary Healthcare Networks as well, potentially in partnership with states and territories.

6. Policy change to improve Australia's economic performance

Prioritise policy changes to improve Australia's economic performance and the health and wellbeing of Australians through access to new medical technologies and connected health solutions which support a connected healthcare system and support the development and commercialisation of related products and services, with areas including:

- Accelerating Adoption: necessary policy reform to drive connected systems that enable end to end patient engagement in a virtual setting, this should be an online/offline view of the pathway.
- Improved patient outcomes: establishment of an Ethical Standards Advisory Board (Connected Health) with direct scope of digitised health services. This advisory board would provide national and state guidance on ethics (AI Bias; inequality of access; standards lift across the ecosystem etc).
- Ecosystem risk: a national framework that addresses the core ecosystem for connected health across privacy & security and should provide the minimum standards for connected health services in Australia and acknowledge the risk that we extend to end point systems (i.e., in the home).

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4. Appendices

Appendix 1 - Members of the CHAG include:
- Tunstall Healthcare
- Amazon Web Services
- Abbott Medical Australia Pty Ltd
- Alcon Laboratories (Australia) Pty Ltd
- Johnson & Johnson Medical
- BIOTRONIK Australia Pty Ltd
- 3M Australia Pty Ltd
- Medtronic Australasia Pty Ltd
- Salesforce
- Health and Technology Advisory Group (HTAG)
- MED-EL Implant Systems Australasia Pty Ltd
- Enkindle Consulting
- PintarHealthConnect
- Integratedliving
- Corumbene Care
- James Cook University
- Centre for Health Services Research
- Centre of Research Excellence in Telehealth
- Australian Telehealth Society
- Commonwealth Scientific and Industrial Research Organisation (CSIRO)
- Australian Healthcare and Hospitals Association (AHHA)